

benefit outlays when the baby boomers begin to retire, about a decade from now. The four regional forums on overhauling Social Security that Mr. Clinton announced yesterday, as well as the bipartisan summit he says he plans to call a year from now, can grapple with those tough choices.

But the projected budget surpluses now provide the clear opportunity for a simple legislative action that would help all working people, raise national saving and contain the rise in future payroll taxes. With the president's support, this can be done quickly, before the opportunity to do so is destroyed by the pressures that will otherwise dissipate the projected surpluses. A bipartisan effort could actually turn Mr. Clinton's rhetoric into a serious plan to save Social Security and protect future retirement incomes.

Mr. ROTH. In his State of the Union Address, President Clinton promised to "Save Social Security First" with the budget surpluses. At the time, he said that the surpluses were at least 2 years off. The good news—what makes now such a timely moment in history—is that the surpluses are not two years off, but will begin this year, according to the Congressional Budget Office.

In other words, we have the opportunity to begin almost immediately to use budget surplus to fund personal retirement accounts for Americans. How far will this go? CBO estimates that the cumulative budget surplus over the next eleven years—from 1998 through 2008—will be \$679 billion. That equals about 1.4 percent of the taxable payroll that would be collected over this same period.

Now, 1.4 percent of a person's wages might not sound like much. But look at what happens if we follow Dr. Feldstein's recommendation and use the budget surpluses to create retirement accounts for Americans. According to a report published by the Congressional Research Service on March 4, for an average wage worker—someone who is 40 today and making about \$27,000 in 1998—just 1 percent put annually into a stock account based on the historical return of the S&P 500 could equal 10 percent of that individual's projected Social Security benefit over the next 25 years.

Let me repeat that. Investing just 1 percent of a 40-year-old worker's income in a retirement account will grow to equal a full 109 percent of his or her Social Security benefit! For someone younger—say 25 and who has even more time to earn interest—1 percent could equal almost 27 percent of their future Social Security benefit.

Indeed, all Americans can figure out what 1.4 percent of their wages will be over the next 10 years, and then ask themselves how that might grow in 10 or 20 years.

Using budget surpluses to create retirement accounts represents an excellent first step toward shoring up Social Security for the long run. This would be a new program in addition to the current Social Security program. By establishing these accounts this year, it will allow us to demonstrate their value—their potential—in providing retirement benefits for working Americans in the years to come.

Creating these accounts will give the majority of Americans who do not own any investment assets a new stake in America's economic growth—because that growth will be returned directly to their benefit. More Americans will be the owners of capital—not just workers.

Creating these accounts will demonstrate to all Americans the power of saving—even small amounts—and how savings may grow over time. Americans today save less than people in almost every other country. And even this low private savings rate has declined from 4.3 in 1996 (as a share of after-tax income) to 3.8 percent in 1997.

And creating these accounts will help Americans to better prepare for retirement generally. According to the Congressional Research Service, 60 percent of Americans are not actively participating in a retirement program other than Social Security. A recent survey by the Employee Benefits Research Institute found that only 27 percent of working Americans have any idea of what they will need to save in order to retire when and how they want. Personal retirement accounts will help Americans better understand retirement planning.

Lastly, these accounts may point the way to a permanent solution to Social Security's problems. We do not need fixes for a few years or a few decades—but solutions that have more permanent promise. It was just 15 years ago—in 1983—that we fixed Social Security for 75 years—to about 2058. But again Social Security is in trouble.

Madam President, let me also note that other choices will be far less attractive to keep the promise of Social Security, for example, we cannot count on tax hikes. To fix Social Security would require a huge, 50-percent increase in the payroll tax over the next 75 years. And today's tax is already a burden for many families. Forty-one percent of families pay more in Social Security taxes than income taxes, and if you factor in employer Social Security taxes—which economists tell us are really forgone wages—80 percent of Americans pay more in Social Security than income taxes. And let us remember Social Security taxes are on the first dollar of income—no deductions, no exemptions.

Indeed, in a speech last month at Georgetown University on Social Security, the President promised not to unfairly burden the next generation—who will be supporting tomorrow's Social Security beneficiaries. Tax hikes would do that.

One way to establish and manage these new personal retirement accounts is to follow a proven model—the Federal Thrift Savings Plan. Back in 1983, when I was then chairman of the Committee on Governmental Affairs, the retirement program for Federal employees needed to be revamped.

One of the new elements we added was the Federal Thrift Savings Plan (TSP), managed by a Board of Trust-

ees. TSP is a unique institution. Each Federal employee has an account, and can allocate their investments among three options—a stock index fund that mirrors the S&P 500; a bond fund, largely invested in corporate bonds; and a Government bond fund that invests in T-bills. The Thrift Board is now planning to add two other funds.

Last year, we looked closely at the Federal Employees Health Benefit Plan (FEHBP) as a model to reform Medicare by providing more private choices in health insurance. The lessons of FEHBP were invaluable. So, too, I believe we can adapt the Federal Thrift Savings Plan as a model for Social Security personal investment accounts.

Mr. President, I want to respond to two specific concerns I have heard raised about personal investment accounts. First, that some people will have great investment performance, others miserable. We can surely avoid that. The funds of the Federal Thrift Savings plan have had excellent performance, while remaining conservative investments. Indeed, I am very sensitive to the issue that investments should be handled in a responsible fashion—and I think we do that with even more choices than offered by the Federal plan.

The second concern is that the progressive nature of Social Security benefits will be lost with personal investment accounts. I believe we can construct a system that benefits low-wage workers, and I am committed to that. The bottom line is that by using the budget surplus to create personal investment accounts, we will go a long way toward providing a workable and very attractive solution to the challenges facing Social Security. We will do it without compromising the current system. And we will do it in a way that places us square on the course to long-term opportunity for all Americans.

Promises made are promises that should be kept. As chairman of the Senate Finance Committee, I feel the responsibility of making sure Social Security remains strong and viable in the lives of those who depend on it. Today, we have an irreplaceable opportunity to do this.

Personal retirement accounts—funded by budget surpluses—can both return real benefits to working Americans and demonstrate how to fix the problems of Social Security. There are still a number of technical questions we need to answer in developing personal retirement accounts legislation that can pass Congress this year. Toward this end, I will continue to work with my staff, and I welcome the views and advice of colleagues on both sides of the aisle.

NATO

Mr. ROTH. Madam President, I rise today to respond to the charge that has been made in a number of newspapers over the last week—and particularly by

the New York Times—that the public, Congress, and the Senate, in particular, has paid inadequate attention to the policy of NATO enlargement.

Few issues of national security have been as extensively examined as NATO enlargement. It has been the topic of countless editorials and opinion pieces in national and local papers. Over the last two years some fifteen states, including the First State, Delaware, have passed resolutions endorsing NATO enlargement. This policy has been formally endorsed by countless civic, public policy, political, business, labor, and veterans organizations.

I ask unanimous consent that a list of these organizations be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

POPULAR SUPPORT FOR NATO ENLARGEMENT

MILITARY/VETERANS ORGANIZATIONS

AMVETS
The American G.I. Forum
The American Legion
Association of the U.S. Army (AUSA)
Jewish War Veterans of the United States of America
Marine Corps League
National Guard Association of the United States
Polish Legion of American Veterans, USA
Reserve Officers Association of the United States (ROA)
Veterans of Foreign Wars of the United States (VFW)

CIVIC, POLICY AND POLITICAL ORGANIZATIONS

Council of State Governments
National Governors' Association
New Atlantic Initiative
U.S. Committee to Expand NATO
U.S. Conference of Mayors

RELIGIOUS/HUMAN RIGHTS ORGANIZATIONS

American Jewish Committee
Anti-Defamation League of B'nai B'rith
Hungarian Human Rights Foundation
Jewish Institute for National Security Affairs

ETHNIC-AMERICAN ORGANIZATIONS

Central and East European Coalition
American Latvian Association
Armenian Assembly of America
Belarusian Congress Committee of America
Bulgarian Institute for Research and Analysis
Congress of Romanian Americans, Inc.
Czechoslovak National Council of America
Federation of Polish Americans
Estonian National Council of America
Estonian World Council, Inc.
Georgian Association in the U.S.A., Inc.
Hungarian American Coalition
Joint Baltic American National Committee
Lithuanian American Community, Inc.
National Federation of American Hungarians
Polish American Congress
Slovak League of America
Ukrainian Congress Committee of America, Inc.
Ukrainian National Association, Inc.
U.S.-Baltic Foundation

BUSINESS-LABOR ORGANIZATIONS

AFL-CIO
United States-European Union-Poland Action Commission
International Union of Bricklayers and Allied Craftworkers

STATE SENATES

California
Connecticut
Delaware
Georgia
Illinois
Massachusetts
Michigan
New Jersey
Pennsylvania
Rhode Island
South Carolina

STATE HOUSE OF REPRESENTATIVES

Colorado
Illinois
Michigan
New Jersey

GOVERNOR'S OFFICES

Florida
Illinois
Michigan
New Mexico
Ohio
Puerto Rico

Mr. ROTH. Congress, in particular, has led the charge for NATO enlargement. Its committees have examined in detail the military, intelligence, foreign policy, and budgetary implications of this long overdue initiative. Since last July alone, twelve hearings have been conducted on NATO enlargement by the Senate committees on Foreign Relations, Armed Services Appropriations, and Budget. The Senate NATO Observer Group, which I chair with Senator JOSEPH R. BIDEN, has convened 17 times with, among others, the President, the Secretaries of State and Defense, NATO's Secretary General, and the leaders of the three invitee countries.

Madam President, allow me to single out Senator HELMS, the chairman of the Committee on Foreign Relations, for his outstanding set of eight hearings on this initiative. He and his colleagues on the Committee have produced a hearing report of some 600 pages addressing all the pro and con argument over NATO enlargement. And, I urge my colleagues to take time to examine the committee report released last week.

This examination, in my view, has yielded unambiguous conclusions: The extension of NATO membership to Poland, the Czech Republic, and Hungary will make the Alliance stronger. It will eliminate immoral and destabilizing dividing lines in Europe—divisions imposed by Stalin and perpetuated by the cold war. And, it will expand an inclusive zone of peace, democracy and stability in Europe to the benefit of the United States and to all countries of Europe, including Russia.

It is no surprise—indeed a matter of pride—that the Senate has legislatively recommended NATO enlargement some fourteen times over the last 4 years. Perhaps, we should be asking ourselves how can we ensure that all dimensions of U.S. national security policy receive this much public attention and endorsement?

Before I yield the floor, I want to echo these conclusions on NATO enlargement by sharing with my col-

leagues a letter I recently received from Dr. Zbigniew Brzezinski, a former National Security Advisor. In part, Dr. Brzezinski wrote:

Without the security that the Euro-Atlantic Alliance has provided, the Franco-German reconciliation—so central to Europe's peace—would never have taken place. Without NATO, the ongoing German-Polish Reconciliation would not be happening. With NATO enlarged, a genuine reconciliation between the former Soviet satellites and Russia will be both truly possible and likely.

The fact is that a larger NATO—by resolving the fateful European dilemma posed by the disproportionate power of Germany and of Russia, a dilemma the Europeans have not been able to resolve on their own—will create a secure framework for a more comprehensive reconciliation in Europe.

Denmark, Norway and Canada have already ratified NATO enlargement. Germany is poised to do so very soon. Hesitation or delay by America, not to speak of rejection, would gravely undermine confidence in U.S. Leadership while strengthening those who want to cut down U.S. Influence in Europe. . . .

And Dr. Brzezinski added,

I hate to think what message it would send to the 100 million Central Europeans who only recently recovered their freedom.

Dr. Brzezinski's letter—which I will submit for the RECORD—not only encapsulates the need for an enlarged NATO, it also reminds us how that this chamber's impending debate and vote on NATO enlargement will reverberate throughout the transatlantic region.

I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CENTER FOR STRATEGIC AND
INTERNATIONAL STUDIES,
Washington, DC, March 4, 1998.

Hon. WILLIAM ROTH,
U.S. Senate, Washington, DC.

DEAR BILL: Let me share two thoughts regarding the forthcoming vote on NATO enlargement:

1. Without the security that the Euro-Atlantic alliance has provided, the Franco-German reconciliation—so central to Europe's peace—would never have taken place. Without NATO, the ongoing German-Polish reconciliation would not be happening. With NATO enlarged, a genuine reconciliation between the former Soviet satellites and Russia will be both truly possible and likely. The fact is that a larger NATO—by resolving the fateful European dilemma posed by the disproportionate power of Germany and of Russia, a dilemma the Europeans have not been able to resolve on their own—will create a secure framework for a more comprehensive reconciliation in Europe.

2. Denmark, Norway, and Canada have already ratified NATO enlargement. Germany is poised to do so very soon. Hesitation or delay by America, not to speak of rejection, would gravely undermine confidence in U.S. leadership while strengthening those who want to cut down U.S. influence in Europe. I can just hear the crowing that would follow in Moscow, and maybe even also in Paris! And I hate to think what message it would send to the 100 million Central Europeans who only recently recovered their freedom.

With best regards,

Sincerely,

ZBIGNIEW BRZEZINSKI.